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*Central Intelligence Agency*  
*Inspector General*



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**SEMIANNUAL REPORT**  
**TO THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY**

**JANUARY – JUNE 2006**

*John L. Helgerson*  
*Inspector General*

APPROVED FOR RELEASE ☐  
DATE: 25-Feb-2010

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**(U) ANNEX SECTION**

**(U) STATISTICAL OVERVIEW**

**(U) COMPLETED AUDITS**

**(U) CURRENT AUDITS**

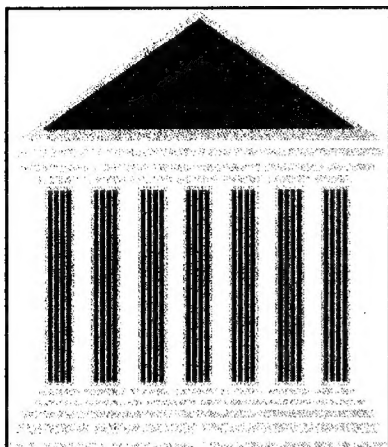
**(U) COMPLETED INSPECTIONS**

**(U) CURRENT INSPECTIONS**

**(U) COMPLETED INVESTIGATIONS**

**(U) CURRENT INVESTIGATIONS**

## **(U) A Message From the Inspector General**



(U/[ ]) The Office of Inspector General (OIG) during this reporting period has been investigating several cases involving allegations of contract fraud, acceptance of gratuities, conflicts of interest, theft of US Government funds, and management misconduct. A substantial number of OIG investigators and auditors are involved with this work, which is being undertaken in coordination with counterparts from other Federal investigative agencies and Department of Justice (DoJ) prosecutors. The IG has found his authority to issue subpoenas to be especially helpful in the conduct of these investigations.

[ ] OIG also continues to devote substantial resources to reviewing the Agency's detention and interrogation activities associated with the conflicts in Iraq and Afghanistan. This work, undertaken with the cooperation of the Departments of Justice and Defense, as appropriate, focuses on the circumstances surrounding the movement, confinement, and in some cases, abuse or death of detainees.

[ ] Notable developments have occurred related to [ ] specific cases involving deaths of detainees. [ ]

[ ] In a [ ] case, a Federal District Judge has scheduled for August 2006, the trial of a former Agency contractor indicted on four felony counts of assault of a detainee in Afghanistan, who died. Finally, [ ] the Investigations Staff is nearing completion of a report of investigation concerning the actions of CIA personnel associated with events surrounding the death of a former Iraqi Major General while in custody of the US military in Iraq. The investigation found that CIA

personnel were not involved in the specific actions that directly caused the General's death, [ ]

[ ] During this reporting period, the OIG completed audits of covert action programs [ ]  
More broadly, the Office continues to be current in meeting the standing request of the Congress that OIG audit each covert action program no less frequently than every three years. In total, three such audits were completed during this period, and another is underway.

(U/[ ] Investigations were also conducted on a number of other subjects including child pornography, misappropriation of funds, misconduct, firearms violations, false claims, and false statements. It is noteworthy that of the 21 investigations completed during this reporting period, a majority did not find substantiation to the allegations.

(U/[ ] The initiative launched by OIG in 2005 to provide more oversight of the effectiveness of project management throughout the Agency resulted, during this period, in the publication of an audit report evaluating [ ]

[ ] Management has concurred with the several recommendations and is taking steps to implement them. In the information technology area, the Office completed its annual review of the security of the Agency's information systems as required by the Federal Information Security Management Act.

[ ] In June, the Office published a comprehensive inspection report on [ ] Whereas inspections normally address a single component or program, this effort documented and assessed the success of the Agency's aggregate performance [ ]  
[ ] over the period of the past four years. [ ]

[ ] Overall, OIG found that the Agency has demonstrably improved its performance, but offered a number of recommendations aimed at strengthening corporate awareness and

decisionmaking [ ]  
[ ]

[ ] *OIG continued its outreach to counterpart organizations throughout the Intelligence Community. The Inspector General for the Office of the Director of National Intelligence and members of his staff, as well as inspectors from the Defense Intelligence Agency and the National Security Agency, participated in OIG's New Inspector Training Course. The Deputy Assistant IG for Inspections participated as the CIA representative in a joint inspection, led by the National Reconnaissance Office OIG, [ ] OIG's Audit Staff organized and hosted the 12th Annual Intelligence Community Audit Conference, attended by 150 auditors representing 14 Intelligence Community agencies.*

*/s/*

*John L. Helgersen  
13 July 2006*



## (U) STATUTORY REQUIREMENTS

(U) This report is submitted pursuant to section 17 of the CIA Act of 1949, as amended, which requires the Inspector General to provide to the Director, CIA, not later than 31 January and 31 July of each year, a semiannual report summarizing the activities of the OIG for the immediately preceding six-month periods, ending 31 December and 30 June, respectively.

(U) All audit activities of the OIG are carried out in accordance with generally accepted government auditing standards. All OIG inspection and investigation activities conform to standards promulgated by the President's Council on Integrity and Efficiency.

(U) The OIG has had full and direct access to all Agency information relevant to the performance of its duties.

### (U) Subpoena Authority

(U/ ) During this reporting period, the IG issued subpoenas to contractors of the Agency. These subpoenas were issued in the course of an investigation into allegations of bribery involving a subcontractor. The IG also issued subpoenas to the offices of two private corporations. These subpoenas were issued in furtherance of an investigation of allegations of bribery involving a senior Agency official.

### (U) Legislative Proposals

(U) OIG has no proposals for legislative changes.





## (U) AUDITS

### (U) AUDIT STAFF OVERVIEW

(U, [ ]) The Audit Staff conducts performance and financial statement audits of Agency programs and activities, and participates with other agencies in joint reviews of Intelligence Community programs and activities. During this period, the Audit Staff completed 11 audits that addressed project management, covert action, financial management, information technology, and field stations.

(U, [ ]) The Audit Staff completed the second audit that is part of an initiative started during 2005 to provide more oversight of the effectiveness of project management throughout the Agency. The audit evaluated [ ]

[ ] While management requested the first audit in this area, the Staff initiated, planned and performed this audit, focusing efforts on both project management and the major system acquisition process. The Staff is currently performing an audit of another major [ ] program and is planning additional audits that will concentrate on project management.

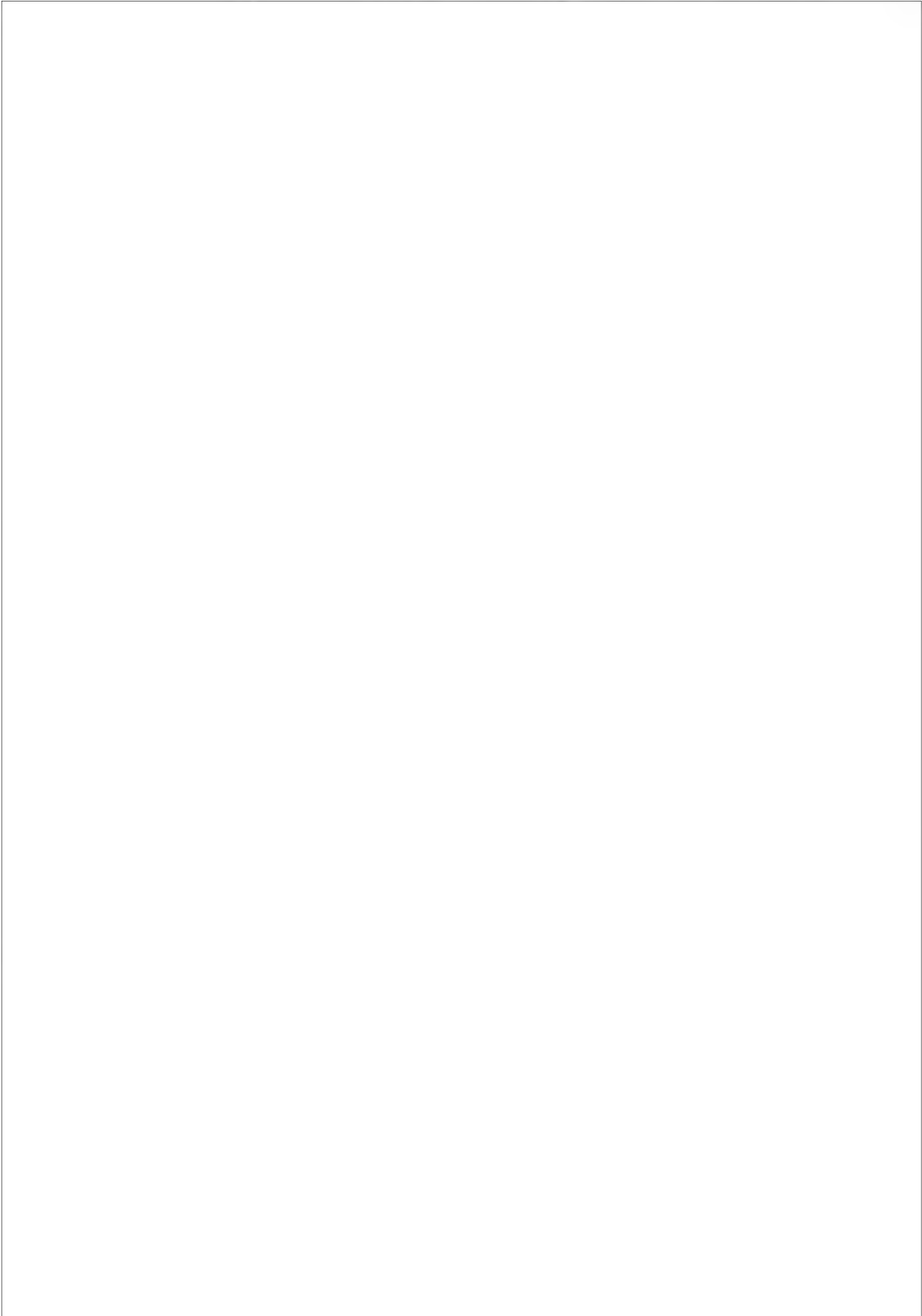
(U, [ ]) The Audit Staff also continues to pursue its program, as requested by Congress, to audit each covert action (CA) program (or an aspect of each program) at least every third year. The Staff completed audits of three CA programs during the reporting period, and is currently performing an audit of a fourth. In the information technology area, the Staff completed the annual review of the security of the Agency's information systems as required by the Federal Information Security Management Act. Currently, the Staff is performing audits of the Agency's Information Security Practices in the Field, the Corporate Information Retrieval and Storage System, and the Information Operations Network. As required by the Accountability of Tax Dollars Act of 2002, the Staff is also performing the annual independent audit of CIA's financial statements.

(U) In May 2006, the Audit Staff hosted the 12<sup>th</sup> annual Intelligence Community Audit Conference. The theme of the Conference was "The Intelligence Community Serving the Nation at Home and Abroad." Over 150 auditors attended the Conference from 14 Intelligence Community agencies, including CIA. The program included speakers from the Office of the Director of National Intelligence (ODNI) and the Department of Defense Offices of Inspectors General, the National Counterproliferation Center, the National Counterterrorist Center, and the National Geospatial-Intelligence Agency.

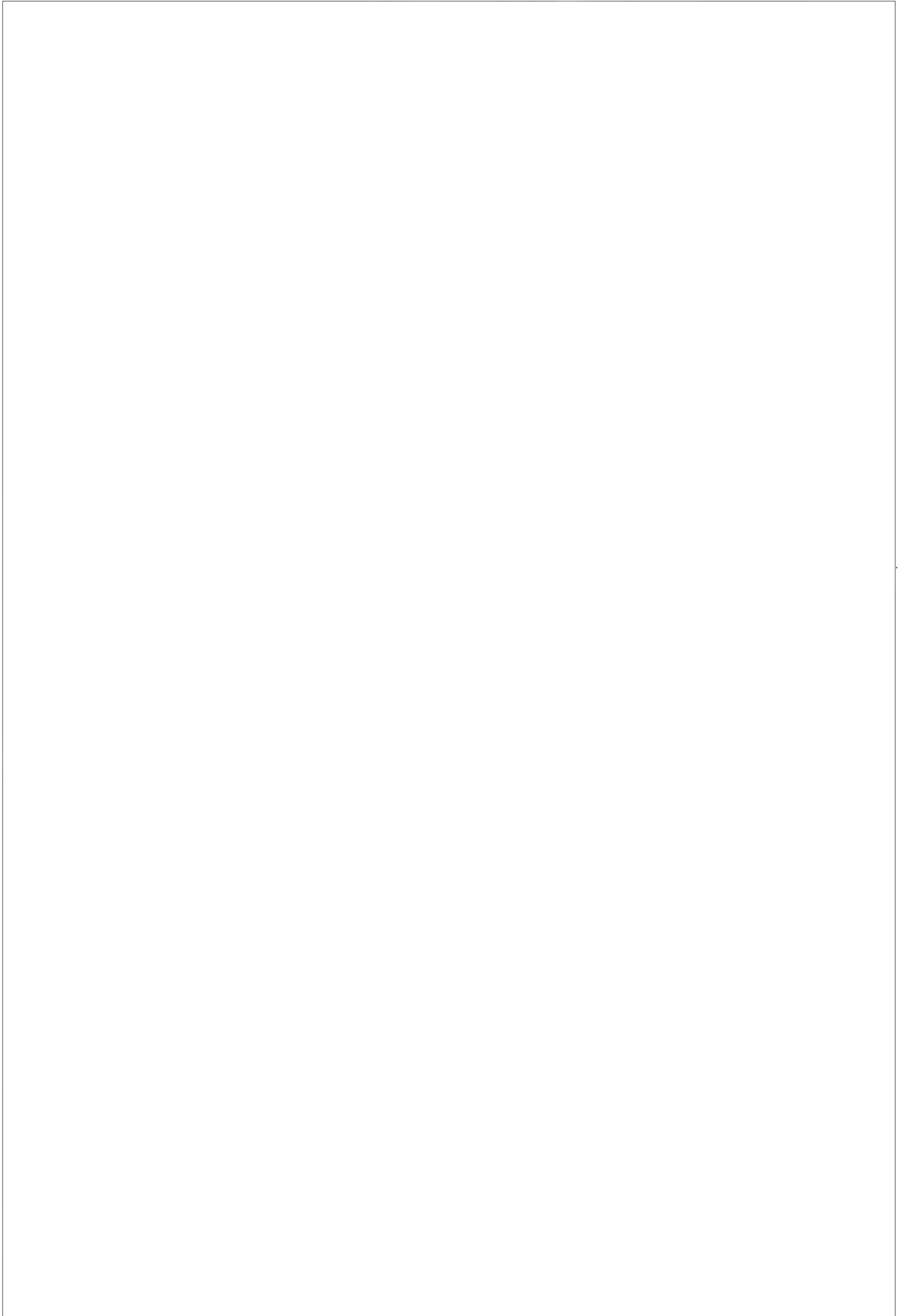
**(U) COMPLETED AUDITS**





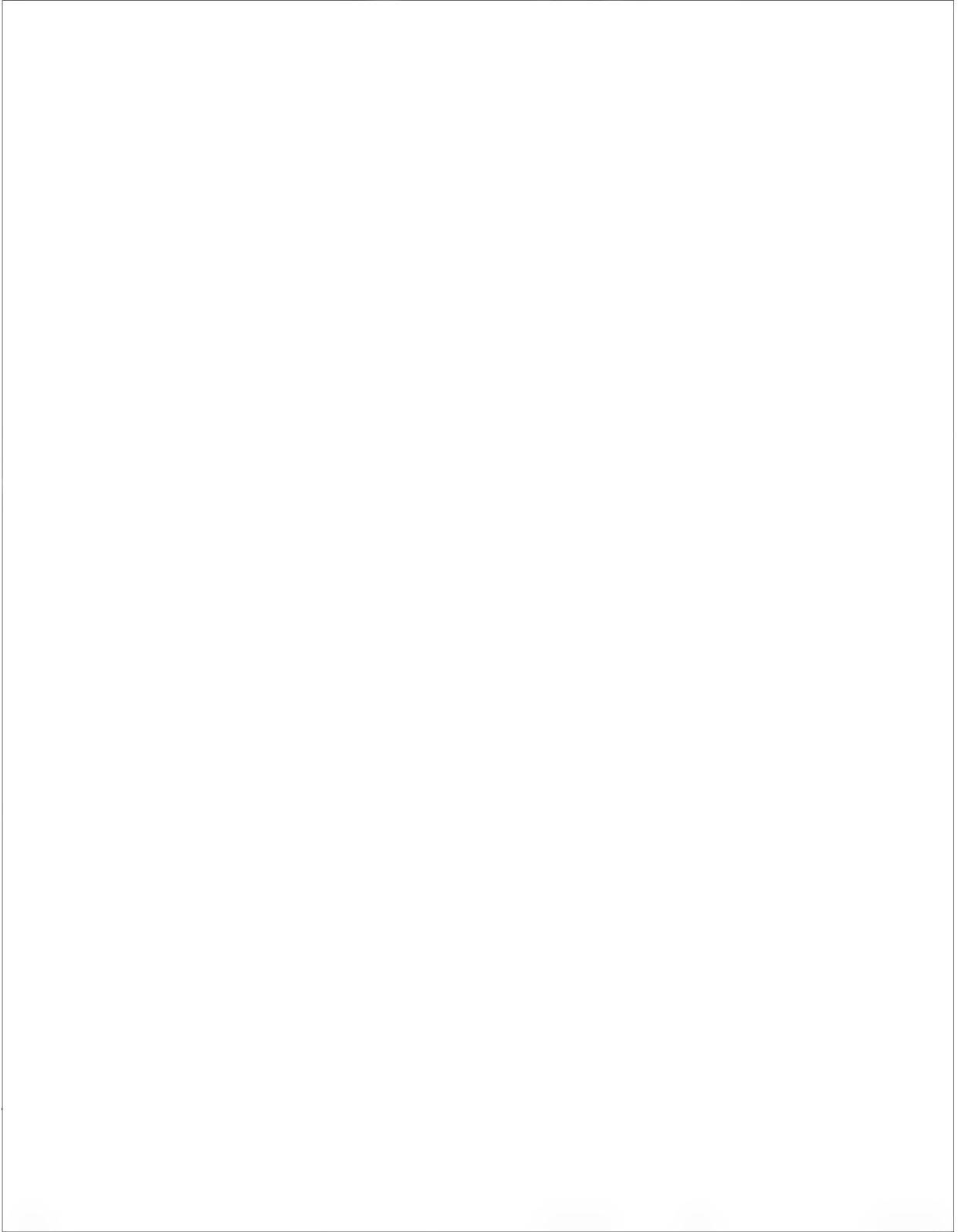


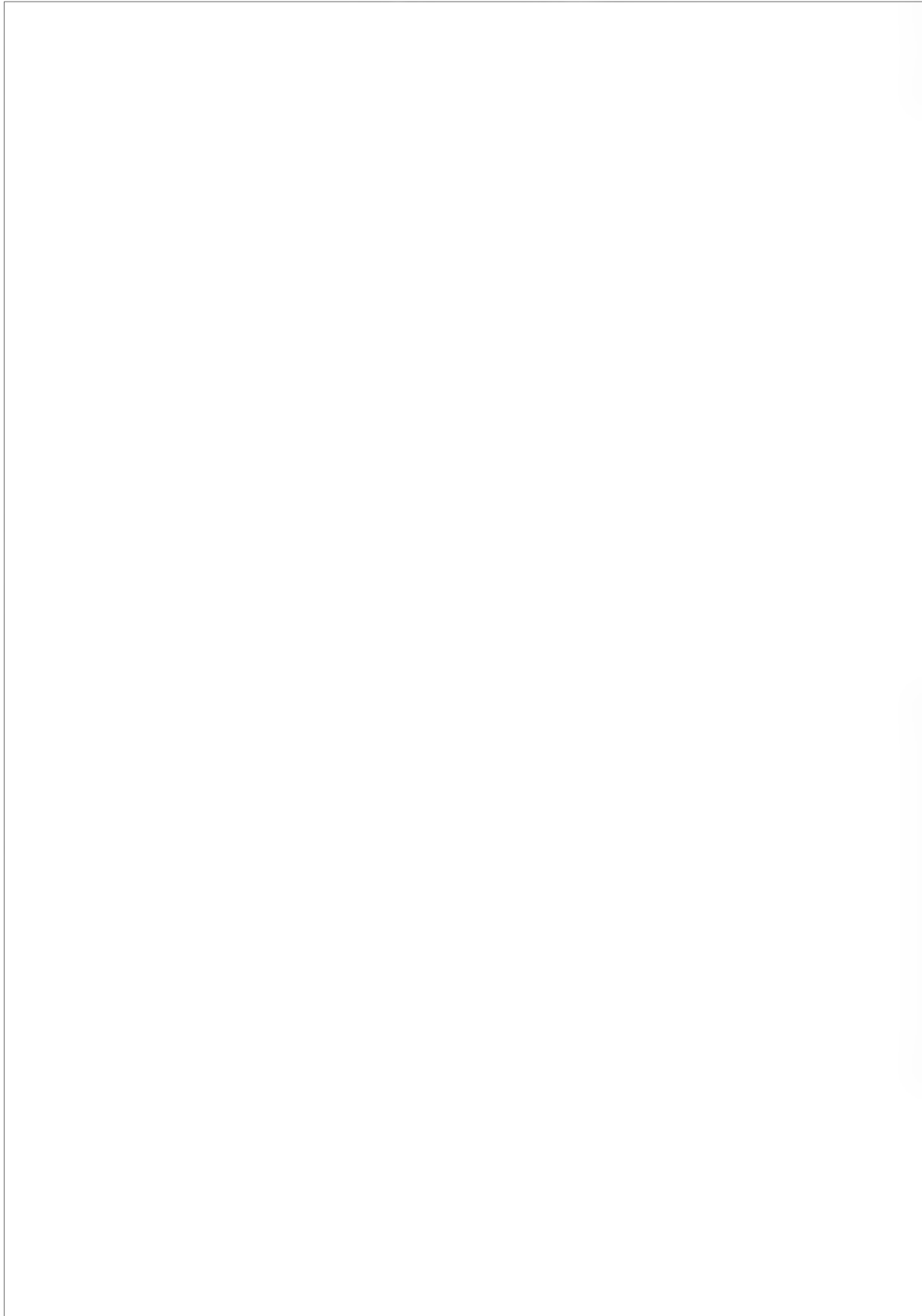








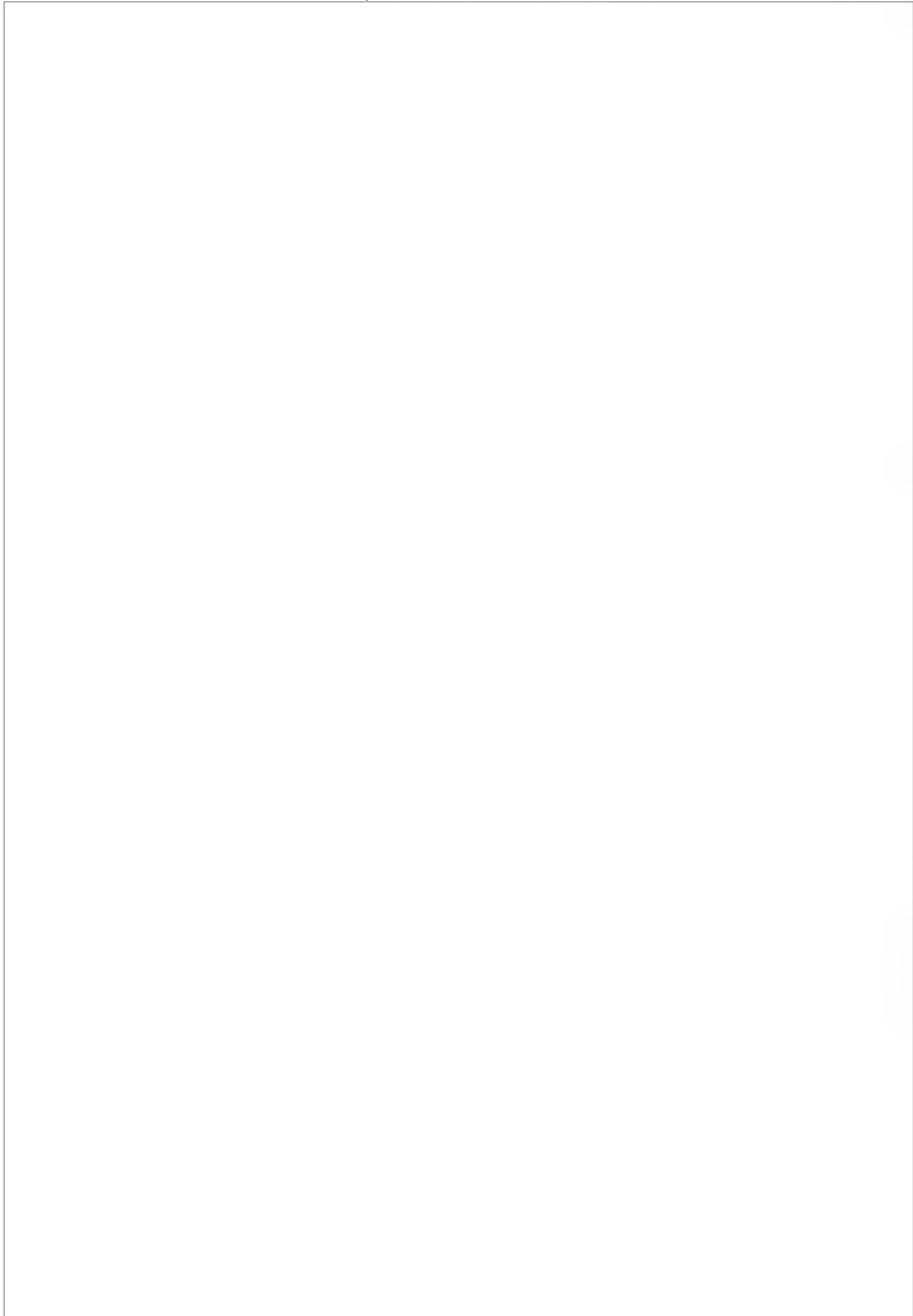




***(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS OUTSTANDING  
FROM PREVIOUS SEMIANNUAL REPORTS***













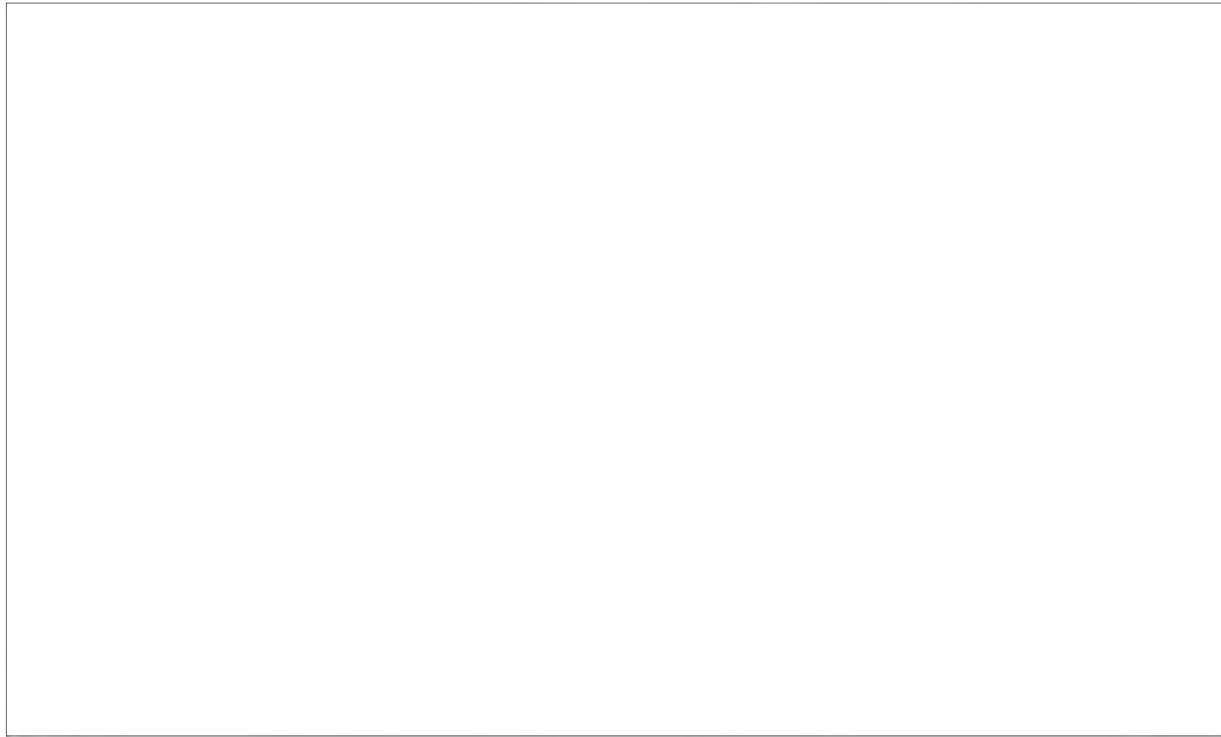












***(U) SUMMARIES OF SELECTED CURRENT AUDITS***





## (U) INSPECTIONS

### (U) INSPECTION STAFF OVERVIEW

(U [ ]) The Inspection Staff is responsible for conducting inspections of CIA programs and operations to evaluate their efficiency and effectiveness and their compliance with law, Executive orders, and regulations.

(U [ ]) During the current reporting period, the Staff completed inspections of [ ] the Office of Near East and South Asian Analysis (NESA) in the Directorate of Intelligence (DI), and the Office of Information Management Services (IMS) in the Directorate of Support (DS). In addition, the Staff continued its inspections of the CIA CounterTerrorism Center (CTC) in the National Clandestine Service (NCS) [ ] and commenced inspections of the Counterintelligence Center (CIC) in the NCS, the DI's [ ] in the Directorate of Science and Technology (DS&T), the [ ] and the Agency's Reliance on Contractors.

(U [ ]) The Inspection Staff continues to conduct a two-week course for new inspectors and a seminar for team leaders before the start of each inspection cycle. The Staff also provides instructional seminars for OIG inspectors and research assistants during the course of each cycle, instituted in response to the increasing sophistication of the Staff's methodology.

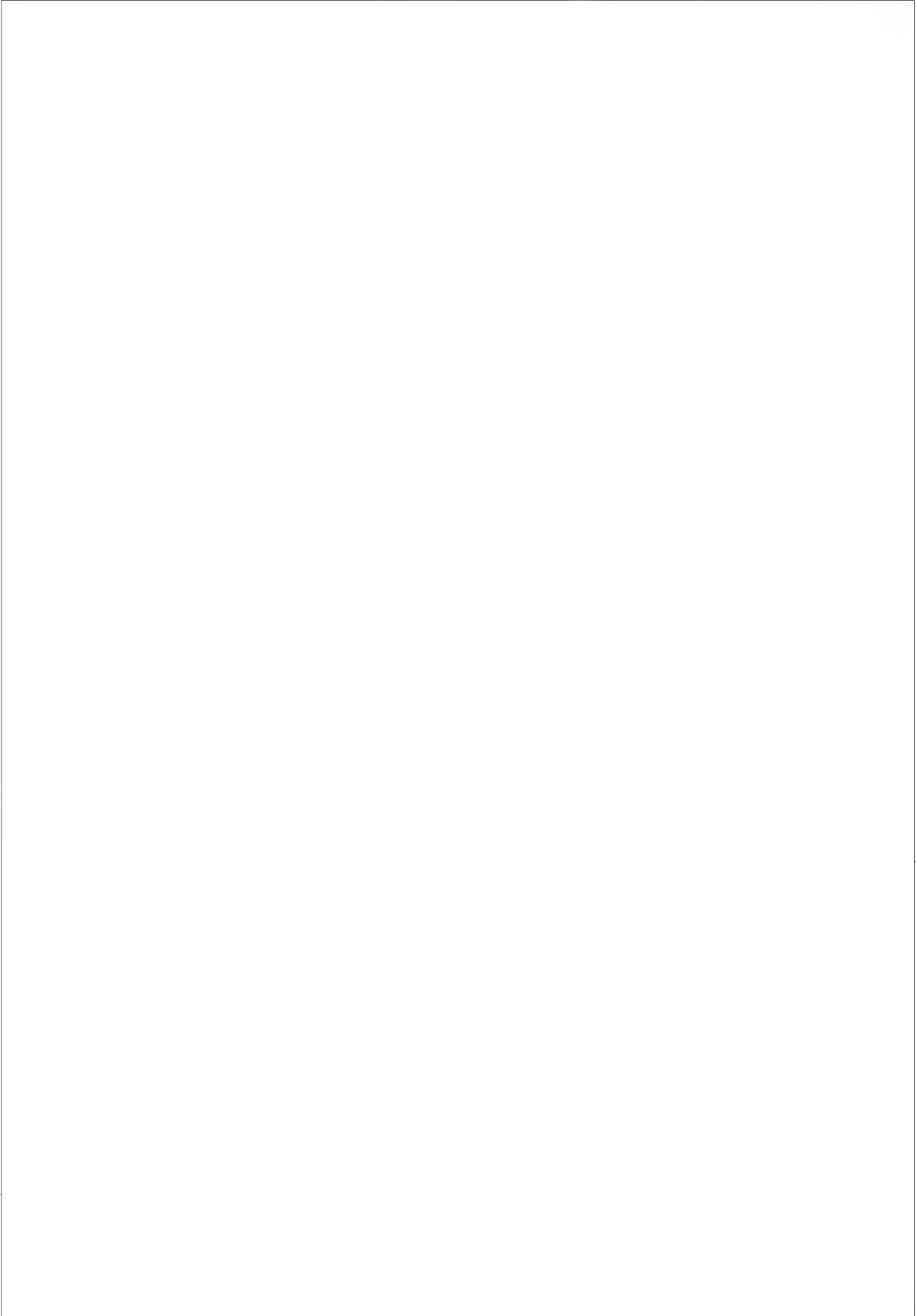
(U [ ]) In addition, the Inspection Staff continues to utilize an independent contractor to track, monitor, and pursue compliance with recommendations. The Staff closed three inspections—the CIA Crime and Narcotics Center, the Office of Public Affairs, and the DCI Operations Center—that were open as of 1 January 2006.



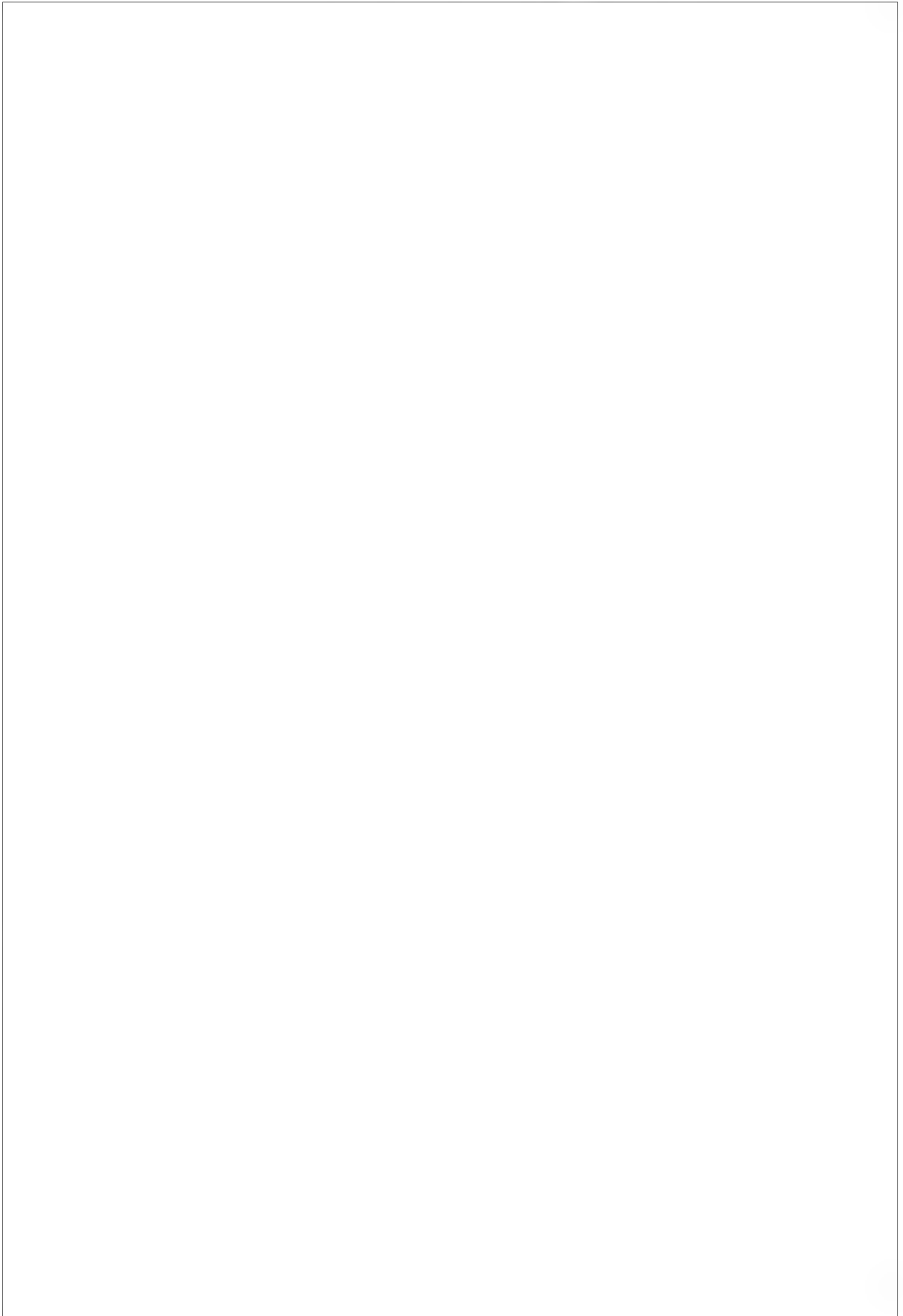
**(U) COMPLETED INSPECTIONS**

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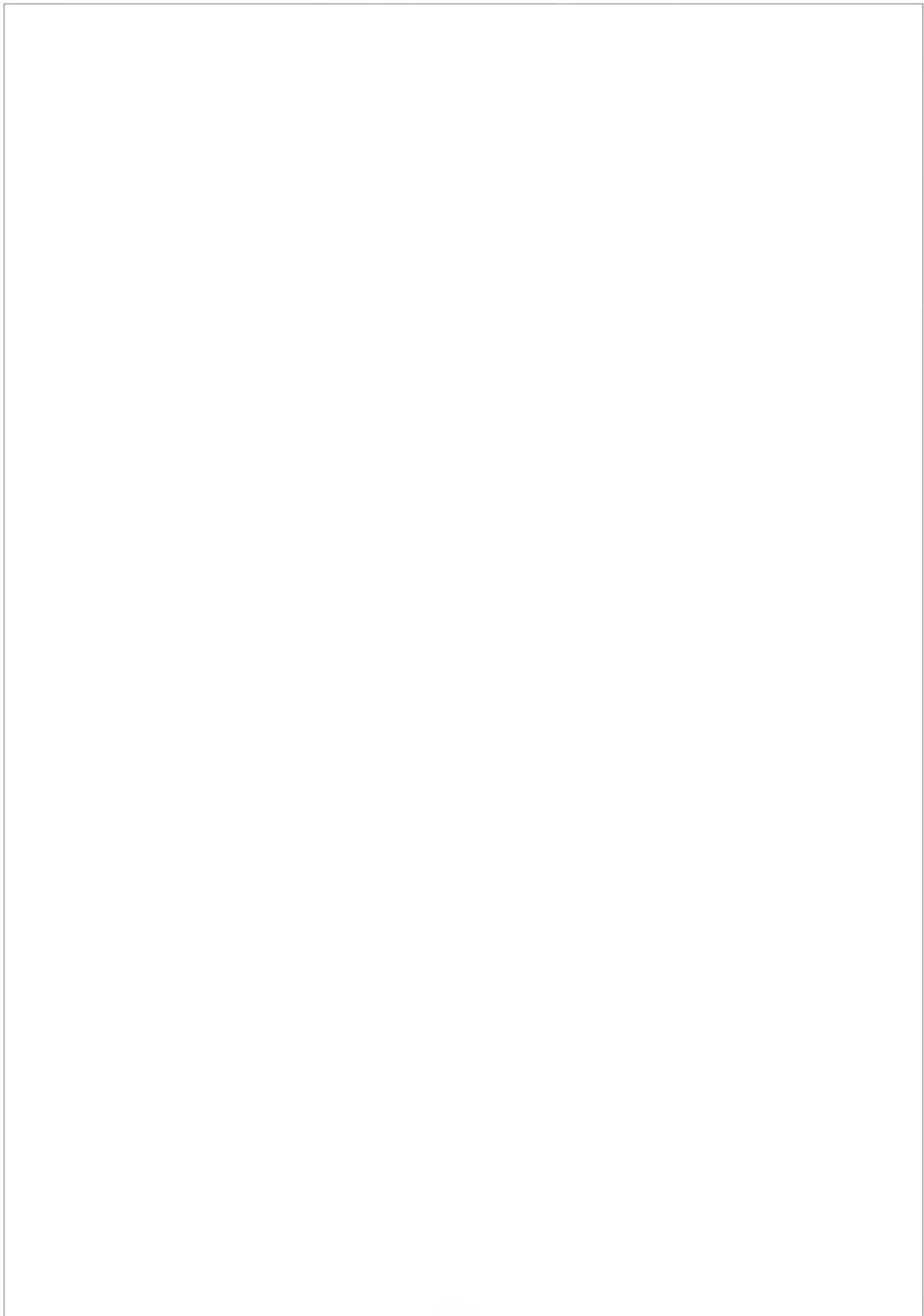






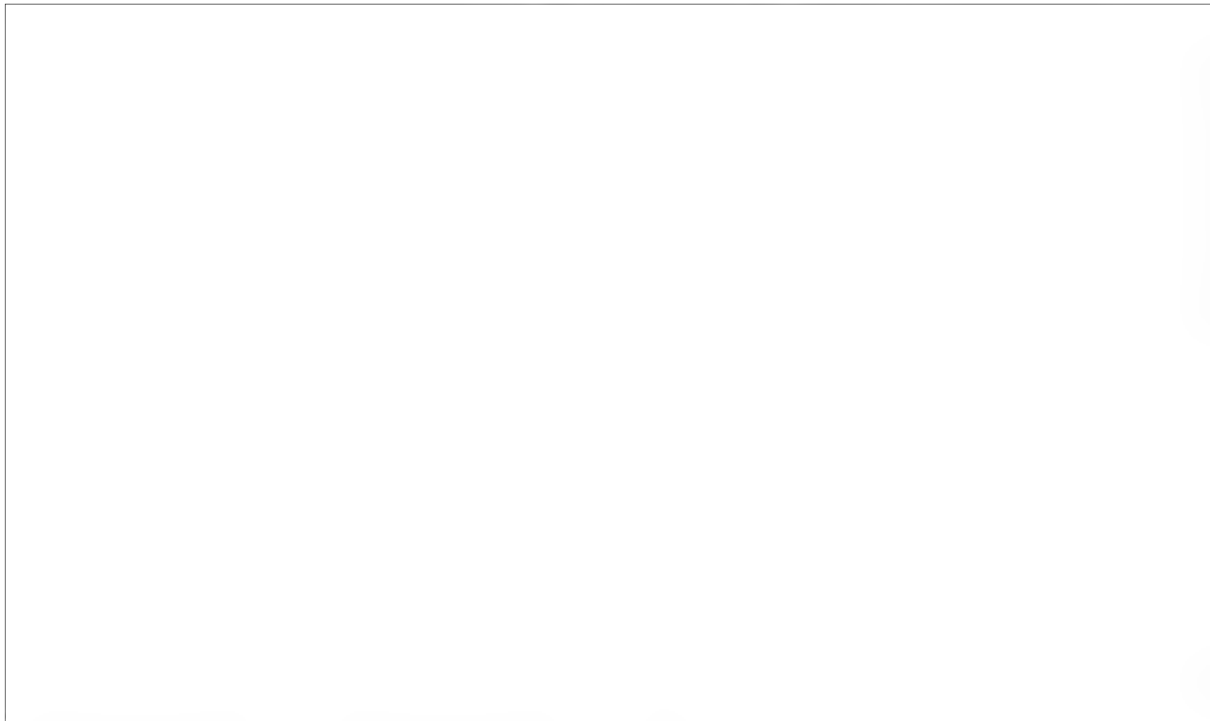


***(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS OUTSTANDING  
FROM PREVIOUS SEMIANNUAL REPORTS***

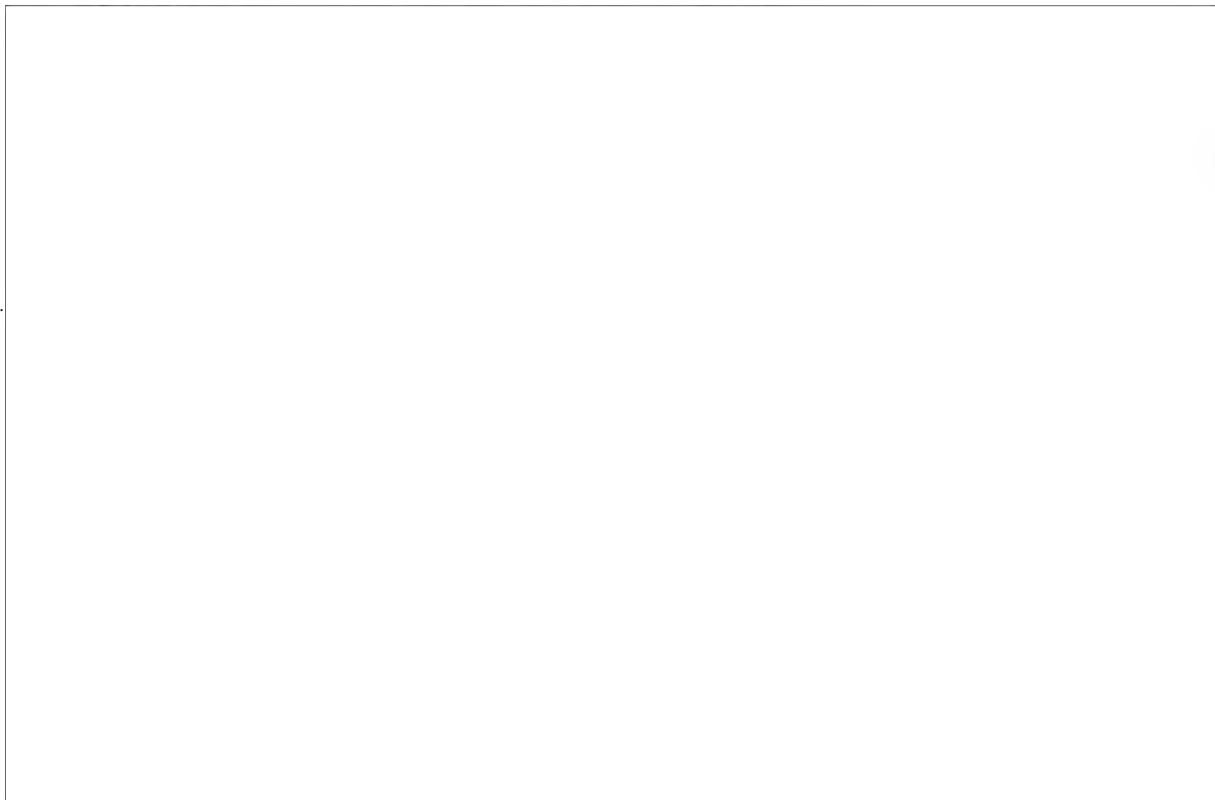








***(U) SUMMARIES OF CURRENT INSPECTIONS***





## **(U) INVESTIGATIONS**

### **(U) *INVESTIGATIONS STAFF OVERVIEW***

(U, [ ]) The Investigations Staff investigates possible violations of statutes, regulations, policies, and procedures, as well as allegations of waste, fraud, mismanagement, abuse of authority, and substantial dangers to public health and safety related to Agency programs and operations. The Staff oversees the Agency's grievance system and conducts initiatives aimed at detecting and preventing fraud, waste, and abuse.

(U [ ]) The Staff conducted a range of other investigations, including allegations of fraud by employees and contractors, possession of child pornography, unauthorized shipments of firearms, misappropriation of funds, and false statements and claims. Judicial proceedings are underway in several cases. The Staff, additionally, tracks the progress by Agency components in fulfilling outstanding recommendations from completed investigations.

(U [ ]) As a result of Staff investigations, three matters were referred to the DoJ for potential prosecution. In separate matters, the Agency held three employee Personnel Evaluation Boards as a result of OIG investigations. Two investigations involving time and attendance and one involving false operational accountings resulted in repayment [ ] to the Agency. The Staff also issued three Employee Bulletins to the Agency work force to inform them of the outcomes and serious consequences of several investigations concerning the illegal shipment of firearms and false claims and false statements.

(U [ ]) As the Staff's workload continues to expand, Staff recruitment remains a priority. Internal recruiting efforts are underway to hire up to three new investigators. Two individuals with Federal law enforcement experience joined the Staff, and four others are in process for employment this year.

(U [ ]) Advancing the information technology arena remains an equally critical priority for the Staff. Progress has been made; software has been identified and is being deployed to improve the organization and search capability of voluminous records received in the course of investigations. Efforts in this critical arena will continue.

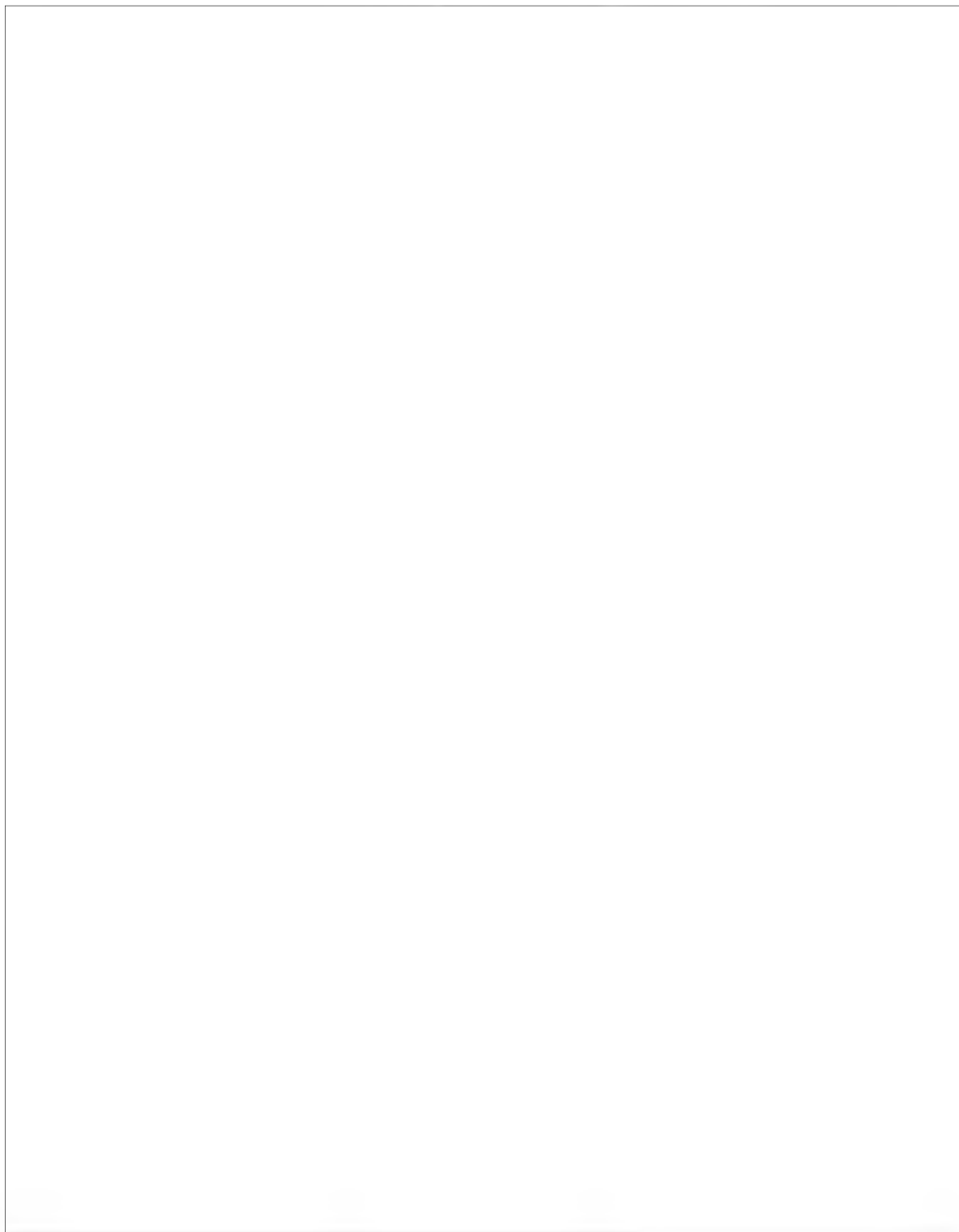
(U [ ]) The Staff continues to oversee the Agency-wide grievance system, which seeks to resolve grievances at the lowest possible level in the organization. In addition to sponsoring a yearly grievance counselor workshop for component and directorate

grievance officers, the Staff hosts quarterly meetings of grievance officers to share issues of common interest, and it conducts mandatory training for all new grievance officers. This training, together with the emphasis on resolution at the lowest possible level, continues to contribute to effective and timely grievance resolution.

**(U) COMPLETED INVESTIGATIONS**

[Empty box for completed investigations]

***(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS OUTSTANDING  
FROM PREVIOUS SEMIANNUAL REPORTS***







## **(U) SPECIAL REVIEWS**

(U/[ ]) Special reviews are undertaken by ad hoc teams under the leadership of a senior OIG officer to address issues of special concern identified by the Congress, senior CIA leaders, or the Inspector General.

### ***(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS OUTSTANDING FROM PREVIOUS SEMIANNUAL REPORTS***





## **(U) STATISTICAL OVERVIEW**

### **(U) Audit Staff**

(U/[ ]) During the period 1 January to 30 June 2006, the Audit Staff issued 11 reports and made 30 recommendations to improve accounting and financial management, facilities management, and general management.

(U/[ ]) The Audit Staff had 18 audits and reviews ongoing at the end of the reporting period.

### **(U) Inspection Staff**

(U/[ ]) During the first six months of 2006, the Inspection Staff completed three inspections. At the end of the reporting period, the Staff also had seven ongoing inspections. In addition, the Staff closed three inspections.

### **(U) Investigations Staff**

(U/[ ]) The Investigations Staff completed work on 130 matters of various types during this reporting period. Of this number, 21 cases were of sufficient significance to be the subject of a final report—3 Reports of Investigation and 18 Disposition Memoranda.

(U/[ ]) During this period, the IG formally referred 3 matters to DoJ based upon a reasonable belief that violations of Federal criminal law may have been committed.

(U/[ ]) Recoveries on behalf of the US Government during this reporting period, as a result of the Investigations Staff's efforts, totaled [ ]

(U/[ ] As of 30 June 2006, 140 matters were in various stages of review by the Investigations Staff.

## **(U) COMPLETED AUDITS**

**1 January – 30 June 2006**

### **(U) Information Technology**

(U/ [ ] 2005 Independent Evaluation of the Central Intelligence Agency Information Security Program and Practices Required by the Federal Information Security Management Act (FISMA)

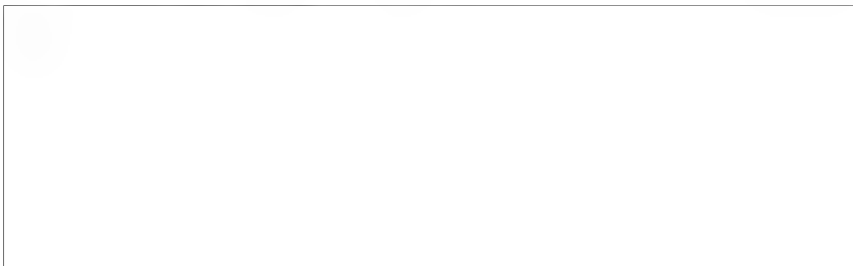
### **(U) Operations**



### **(U) Procurement**



### **(U) Field Activities**



## **(U) CURRENT AUDITS**

30 June 2006

### **(U) Financial Management**

(U/[ ]) Independent Auditor's Report on the Central  
Intelligence Agency Fiscal Year 2006 Financial Statements

(U/[ ]) Process for Obtaining Refunds or Credits for  
Unused Airline Tickets

### **(U) Information Technology**

(U/[ ]) 2006 Independent Evaluation of the Central  
Intelligence Agency Information Security Program and  
Practices Required by the Federal Information Security  
Management Act

(U/[ ]) Corporate Information Retrieval and Storage  
(CIRAS) System

(U/[ ])

(U/[ ]) Information Operations Network

### **(U) Operations**

(U/[ ]) Congressionally Directed Audit [ ]  
[ ]

[ ]

[ ]

**(U) Procurement**

[ ]

[ ]

[ ]

**(U) Field Activities**

[ ]



## **(U) COMPLETED INSPECTIONS**

**1 January – 30 June 2006**

(U/ ) Agency Performance

(U/ ) Office of Near East and South Asian Analysis

(U/ ) Information Management Services

## **(U) CURRENT INSPECTIONS**

**30 June 2006**

(U/ ) CIA CounterTerrorism Center

(U/ ) Agency Performance

(U//FOUO) Counterintelligence Center

(U/ ) Agency Reliance on Contractors

**(U) COMPLETED INVESTIGATIONS**  
**1 January – 30 June 2006**

(U/ [ ]) Alleged Copyright Infringement

[ ] \*

(U/ [ ]) Potential Conflict of Interest

[ ] \*

(U/ [ ]) Alleged False Claims in Operational Accounting

[ ] \*

(U/ [ ]) False Claims and Statements

[ ] \*

(U/ [ ]) Alleged Abuse of Authority

[ ] \*

[ ]

[ ]

(U/ [ ]) Alleged Contract Fraud

[ ]

[ ]

[ ]

(U/ [ ]) Time and Attendance (T&A) Fraud

[ ]

---

\* (U) These investigations resulted in a Disposition Memorandum rather than a Report of Investigation.

(U/[ ] False Claims – T&A

[ ] \*

[ ]

[ ]

(U/[ ] Time and Attendance Fraud

[ ]

(U/[ ] Allegation of Money Wasted to Configure Unused Building

[ ] ) \*

(U/[ ] Alleged Conflict of Interest

[ ] \*

(U/[ ] ) Alleged Improper Use of Intellectual Properties by CIA

[ ] \*

(U/[ ] Possible Ethics Violation

[ ] \*

[ ]

[ ] \*

(U/[ ] ) Allegations of Fraud and Misconduct

[ ] ) \*

(U/[ ] ) Unapproved Outside Activities and Misuse of Position

[ ] \*

(U/[ ] Alleged Violation of Post-Employment Restriction

[ ] \*

**(U) CURRENT INVESTIGATIONS**

As of 30 June 2006

<b>(U) Category</b>	<b>Number of cases</b>
<b>(U//FOUO) Grievances</b>	
Assignment	5
Compensation	1
Other – Grievance	2
<b>(U) Board Appeals</b>	1
<b>(U/ ) General Investigations</b>	
<b>Criminal and Prohibited Acts</b>	
Conflicts of Interest	6
Embezzlement	2
False Claims – Other	9
False Claims/Statements/Vouchers	7
False Claims – Time & Attendance	13
False Claims –	1
Firearms	2
Management and Supervision – Administrative	2
Megaprojects	4
Misconduct – Employee	5
Misconduct – Management	4
Obstruction of Justice	1
Procurement Fraud	18
Regulatory Violations	2
Retaliation	1
Theft/Misuse of Government Property	3
Waste	1
Other - Administrative/Criminal	33
Unsubstantiated Allegations	17
<b>(U/ ) Total Ongoing Cases</b>	<b>140</b>

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